CORPORATIONS — DIRECTORS — LIABILITY OF DIRECTORS FOR EXCESSIVE SALARIES PAID TO THEMSELVES AND OTHER EMPLOYEES. — The directors of a corporation paid an extra nine per cent dividend to all stockholders who were employees. The dividends were regarded by the court as additional salaries. The directors showed no satisfactory reason for such a discrimination in salaries or dividends. The plaintiff, a minority stockholder, brought a representative action against the directors to recover for the corporation the money thus expended. *Held*, that the directors are liable for the extra salaries paid to themselves, but not liable for the sums paid to other employees. *Godley* v. *Crandall & Godley Co.*, 48 N. Y. L. J. 1651 (N. Y. App. Div., Dec., 1912).

The directors of a corporation have no power to vote themselves salaries. *Mallory* v. *Mallory Wheeler Co.*, 61 Conn. 131; *Butts* v. *Wood*, 37 N. Y. 317. If they appropriate salaries so voted it is clear that a stockholder may maintain a representative action against them to recover the money for the corporation. *Jacobson* v. *The Brooklyn Lumber Co.*, 184 N. Y. 152, 76 N. E. 1075; *Eaton* v. *Robinson*, 18 R. I. 396, 27 Atl. 595. Furthermore, a director who permits his subordinates to misappropriate corporate funds is personally responsible for their peculations. *Latimer* v. *Veader*, 20 N. Y. App. Div. 418, 46 N. Y. Supp. 823. So is a director who wilfully or negligently permits an exorbitant salary to be paid to a relative whom he has induced the corporation to employ. *Mutual Life Ins. Co.* v. *McCurdy*, 118 N. Y. App. Div. 815, 827, 103 N. Y. Supp. 829, 837. *Cf. Doe* v. *Northwestern Coal and Transportation Co.*, 78 Fed. 62. Or a director who pays an officer for past services, performed for another consideration already given. *Ellis* v. *Ward*, 137 Ill. 509, 25 N. E. 530. The principal case presents an analogous situation. If the dividends are "extra salaries" for the directors, they must be "extra salaries" for the other stockholding employees. No corresponding addition in the quality or quantity of work is received by the corporation in return. Clearly such payments by the directors are a breach of their fiduciary duty for which also they should be held personally liable. See 25 HARV. L. REV. 553.

CORPORATIONS — JURISDICTION OF EQUITY TO INTERFERE WITH INTERNAL MANAGEMENT OF FOREIGN CORPORATION. — A director of a foreign corporation filed a petition for a mandamus to compel his fellow directors to permit his inspection of certain books of the company. The residence of the parties and the office where the books were kept were in the local jurisdiction. *Held*, that a mandamus will issue. *Machen* v. *Machen & Mayer Electrical Mfg. Co.*, 85 Atl. 100 (Pa.).

The rule has often been stated that, although the parties and the subject matter may be before the court, equity has no jurisdiction where the internal affairs of a foreign corporation are in question. *Condon* v. *Mutual Reserve Fund Life Association*, 89 Md. 99, 42 Atl. 944; *Taylor* v. *Mutual Reserve Fund Life Association*, 97 Va. 60, 33 S. E. 385. This rule seems to be approved in the principal case as a necessary qualification to granting the relief desired. Admittedly such an assumption of internal control as appointing a receiver is exclusively within the jurisdiction of the home court, since the state which created may alone dissolve. *Parks* v. *United States Bankers' Corporation*, 140 Fed. 160; *Stafford & Co.* v. *American Mills Co.*, 13 R. I. 310. The reasons for the broad statement of the doctrine, however, seem confined to public expediency. See *Howell* v. *Chicago & North Western Ry. Co.*, 51 Barb. (N. Y.) 378; *State ex rel. Watkins* v. *North American, etc. Co.*, 106 La. 621, 631, 31 So. 172, 178. Under the broad rule a just claim may be defeated by a purely formal argument. But the jurisdiction of equity, where both parties are before the court, to decree the conveyance of foreign land has been generally conceded. *Gardner* v. *Ogden*, 22 N. Y. 327; *Penn* v. *Lord Baltimore*, 1 Ves. Sr. 444; *McGee*